

REGULATORY OVERVIEW

This section sets forth a summary of PRC laws and regulations that have a significant influence on the operations and business of our Company, including production safety, hazardous chemicals, product quality, environmental protection, labour security, intellectual property, overseas issuance and [REDACTED] of domestic companies, and foreign exchange management. The content is only a summary and is not a detailed analysis or full description of PRC laws and regulations relating to the business and operations of our Company. [REDACTED] are advised to note that the following summary is based on the laws and regulations in effect on the disclosure date of the Document, which is subject to changes in line with the amendments to such laws and regulations.

LAWS AND REGULATIONS RELATING TO PRODUCTION SAFETY

Work Safety Law of the People’s Republic of China

Pursuant to the provisions of the Work Safety Law of the PRC (《中華人民共和國安全生產法》) promulgated on 29 June 2002 and amended on 27 August 2009, 31 August 2014 and 10 June 2021 respectively, special equipment for offshore oil mining and in the mine well that threatens the safety of people’s lives and is potentially more dangerous, as well as containers and transport vehicles for dangerous articles, to be used by any enterprise, shall be made by professional manufacturers in accordance with relevant State regulations, and may only be put into use after they have passed the inspections and tests of those inspections and testing institutions that are equipped with professional qualifications and obtained a certificate for safe use or a mark of safety label. In addition, the production, business operation, transportation, storage, use of dangerous substances or disposal of dangerous waste substances shall be subject to the examination and approval as well as the supervision and management of the relevant administrative departments according to the provisions of the relevant laws and regulations, national standards, or industrial standards.

Where the production safety management department of an enterprise discovers any serious potential accidents during inspection, it shall promptly report such potential accident to the person in charge of the enterprise. If the person in charge cannot handle such potential accident in a timely manner, the production safety officer shall report it to the competent authority for timely treatment in accordance with the law. Any violation of the Work Safety Law of the PRC and other relevant regulations may result in administrative penalties and civil or criminal liability.

Management Measures for the Appropriation and Use of Enterprise Safety Production Expenses

Pursuant to the provisions of the Management Measures for the Appropriation and Use of Enterprise Safety Production Expenses (《企業安全生產費用提取和使用管理辦法》) promulgated on 14 February 2012 and amended on 21 November 2022, if an enterprise engages in the direct production, accumulation and storage activities (excluding sales and use) of goods listed in the national standards such as the List of Dangerous Goods (《危險貨物品名表》) (GB12268) and the Catalogue of Hazardous Chemicals (《危險化學品目錄》), and the dangerous goods listed in relevant national regulations, it shall collect the work safety fund by month with excessive and accumulative withdrawal method as per the operating revenue in last year. If an enterprise fails to collect and use the work safety fund in

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accordance with the Administrative Measures for the Collection and Utilisation of Enterprise Work Safety Fund, the emergency management department, mine safety supervision agency and other departments and financial departments at or above the county level who are responsible for the supervision and management of work safety, have the right to order corrections within a time limit, handle relevant issues and impose fines based on their functions and powers and in accordance with the Work Safety Law of the PRC, the Accounting Law of the PRC and other relevant laws and regulations. In case of a serious or evil violation, joint punishments may be imposed in accordance with relevant regulations.

LAWS AND REGULATIONS RELATING TO HAZARDOUS CHEMICALS AND PRECURSOR CHEMICALS

Regulations on the Safety Management of Hazardous Chemicals

Pursuant to the provisions of the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》) promulgated on 26 January 2002 and amended on 2 March 2011 and 7 December 2013, no entity or individual may engage in the production, storage, use, operation, transportation and other business activities of hazardous chemicals without approval. An enterprise that stores hazardous chemicals shall set up prominent signs on its hazardous chemical transportation pipeline, conduct regular inspections and tests on the pipeline, and set up prominent safety warning signs on its workplaces, safety facilities and equipment. In addition, the enterprise shall also establish and regularly repair and maintain its safety facilities and equipment based on the types and hazard characteristics of hazardous chemicals and in accordance with relevant national and industry standards. An entity that stores highly toxic chemicals or hazardous chemicals constituting a serious hazard source in quantity shall report the storage quantity, location and management personnel to the work safety supervision and administration department and the public security agency of the county-level local people's government. Meantime, any enterprise that engages in the production of hazardous chemical falling into the Catalogue of Hazardous Chemicals shall obtain a work safety permit for hazardous chemicals in accordance with the Regulation on Work Safety Permits before starting production.

For any violation of the Regulations on the Safety Management of Hazardous Chemicals, the relevant supervision and administration department may impose a fine, confiscate illegal gains, order to make corrections within a time limit or impose other administrative penalties. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

Measures for the Implementation of the Permits for the Safe Use of Hazardous Chemicals

Pursuant to the provisions of the Measures for the Implementation of the Permits for the Safe Use of Hazardous Chemicals (《危險化學品安全使用許可證實施辦法》) promulgated on 16 November 2012 and amended on 27 May 2015 and 6 March 2017, a chemical enterprise (other than hazardous chemicals production enterprise) that falls into the Catalogue of Industries Applicable for Hazardous Chemicals Safe Use Permit, or uses hazardous chemicals in production and meets the quantitative standards for the use of hazardous chemicals, shall obtain the permit for the safe use of hazardous chemicals (“**Safe Use Permit**”) in accordance with the Measures.

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Where an enterprise illegally uses hazardous chemicals in production and meets the quantitative standards for the use of hazardous chemicals without obtaining a safe use permit, the relevant supervision and administration department has the right to order it to cease the illegal behaviour immediately and make corrections within a time limit, and impose a fine. If corrections are not made within the time limit, such supervision and administration department has the right to order it suspend operations for rectification.

Interim Provisions on the Supervision and Management of Major Hazard Sources of Hazardous Chemicals

Pursuant to the provisions of the Interim Provisions on the Supervision and Management of Major Hazard Sources of Hazardous Chemicals (《危險化學品重大危險源監督管理暫行規定》) promulgated on 5 August 2011 and amended on 27 May 2015, an entity which engages in the production, storage, use and operation of hazardous chemicals shall conduct the identification, safety assessment, grade evaluation and registration of major hazards to the devices, facilities or places for the production, operation, storage and use of hazardous chemicals in accordance with the “Identification of Major Hazard Sources of Hazardous Chemicals” (《危險化學品重大危險源辨識》) (GB18218), and submit such registration to the work safety supervision and administration department. Meantime, the entity shall establish and improve the safety management regulations and safe operation rules for major hazard sources, take effective measures to ensure their implementation, establish and improve the safety monitoring and control system, and formulate emergency response plans for the accident from major hazardous sources.

If an entity fails to perform relevant responsibilities and obligations in accordance with the Interim Provisions on the Supervision and Management of Major Hazard Sources of Hazardous Chemicals, the work safety supervision and administration department may order it to make corrections within a specified time limit, impose a fine, order the suspension of production and business operation for rectification, or impose other administrative penalties. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the relevant provisions of the Criminal Law.

Measures for the Safety Supervision and Administration of Hazardous Chemical Construction Projects

Pursuant to the provisions of the Measures for the Safety Supervision and Administration of Hazardous Chemical Construction Projects (《危險化學品建設項目安全監督管理辦法》) promulgated on 30 January 2012 and amended on 27 May 2015, projects for new construction, reconstruction and expansion projects of production and storage of dangerous chemicals and the chemical construction projects with the production of dangerous chemicals (including the construction projects of long-distance pipelines of dangerous chemicals) within the territory of the PRC are subject to the safety review by a qualified safety assessment agency at the feasibility study stage, and shall be submitted to the competent safety approval authority for the safety condition review and safety facility design review of the construction project.

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During the trial production of the construction project, the construction entity shall entrust a qualified safety assessment agency to conduct safety acceptance assessment of the construction project and its trial production (use) in accordance with the Measures. The entrusted safety assessment agency shall not be the one entrusted at the feasibility study stage.

Before the construction project is put into production and use, the construction entity shall organise personnel to conduct completion acceptance of safety facilities and decide whether the construction project has passed the completion acceptance of safety facilities.

Where new construction, reconstruction and expansion projects of production and storage of dangerous chemicals violate the Measures for the Safety Supervision and Administration of Hazardous Chemical Construction Projects, the relevant supervision and administration department has the right to order it to suspend construction and make corrections within the specified time limit. Failure to make corrections within the specified time limit may lead to a fine. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

Regulation on the Administration of Precursor Chemicals

Pursuant to the provisions of the Regulation on the Administration of Precursor Chemicals (《易制毒化學品管理條例》) promulgated on 26 August 2005 and amended on 29 July 2014, 6 February 2016, and 18 September 2018, the State adopts a category-based management and licensing system for the production, operation, purchase, transportation, import and export of precursor chemicals.

Precursor chemicals are classified into three categories. Category I is the major substances that can be used for producing drugs, and Categories II and III are the chemical auxiliary substances that can be used for producing drugs. Based on the current purchase of precursor chemicals by our Company, for its application for purchasing the pharmaceutical precursor chemicals in Category I, our Company shall obtain the purchase licence upon the examination and approval of the medical products administration of the people's government of the province, autonomous region, or municipality directly under the Central Government where it operates. For its application for purchasing the non-pharmaceutical precursor chemicals in Category I, our Company shall obtain the purchase licence upon the examination and approval of the public security organ of the people's government of the province, autonomous region, or municipality directly under the Central Government where it operates. For its application for purchasing the precursor chemicals in Categories II or III, our Company shall, before the purchase, report the variety and quantity in demand to the public security organ of the local people's government at or above the county level for registration.

Where any entity or individual illegally purchases precursor chemicals without approval or registration in violation of the Regulation, the public security organ shall confiscate its illegally purchased precursor chemicals and impose a fine, and confiscate its illegal income (if any), and the market supervision and administration department shall revoke his business licence (if any). If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law. Meantime, for any entity or individual who has committed the above-mentioned illegal acts, the relevant

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administrative department may not accept its application for the production, operation, purchase, transportation or import or export of precursor chemicals within three years from the date of making the decision on administrative penalties.

Administrative Measures for the Licensing of Hazardous Chemicals Operations

Pursuant to the Administrative Measures for the Licensing of Hazardous Chemicals Operations (《危險化學品經營許可證管理辦法》) issued on 17 July 2012 and last amended on 27 May 2015, the State has established a licensing system for the operation, including storage operation, of hazardous chemicals listed in the Catalogue of Hazardous Chemicals (《危險化學品目錄》) within the territory of the People’s Republic of China. Enterprises engaged in the operation of these hazardous chemicals are required to obtain a hazardous chemical operation licence in accordance with this measure. However, enterprises producing hazardous chemicals that have obtained a Hazardous Chemicals Safety Production Licence in accordance with the law are exempted from the requirement to obtain a Hazardous Chemicals Operation Licence (危險化學品經營許可證) for the sale of their own produced hazardous chemicals within their factory premises.

The operation of hazardous chemicals without the required operation licence is punishable under the relevant provisions of the Work Safety Law of the PRC for the unauthorised production, operation and storage of hazardous substances. If such actions constitute a criminal offence, legal proceedings will be initiated to hold the responsible parties accountable.

LAWS AND REGULATIONS RELATING TO FIRE PREVENTION

Fire Prevention Law of the PRC

Pursuant to the provisions of the Fire Prevention Law of the PRC (《中華人民共和國消防法》) promulgated on 29 April 1998 and amended on 28 October 2008, 23 April 2019 and 29 April 2021 respectively, enterprises shall perform the fire safety accountability system, including but not limited to: (i) implement a fire safety accountability system, and formulate their own fire safety regulations and operating rules and firefighting and emergency evacuation plans; (ii) install firefighting facilities and equipment, set up fire prevention safety signs and conduct regular inspection and maintenance to ensure that such facilities and equipment remain in good condition and functional in accordance with relevant national and industrial standards; (iii) conduct a comprehensive inspection of firefighting facilities in buildings at least once a year to ensure that such facilities remain in good condition and functional; relevant inspection records shall be complete and accurate and shall be kept for future reference; (iv) conduct a comprehensive inspection of firefighting facilities in buildings at least once a year to ensure that such facilities remain in good condition and functional; relevant inspection records shall be complete and accurate and shall be kept for future reference; (v) guarantee that fire escapes and exits and passageways for fire engines are kept clear and fire compartments, smoke bays and firebreaks conform to fire prevention technical standards; (vi) organise fire prevention inspections in order to remove any potential fire hazard in time; and (vii) organise target-specific fire drills.

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Meantime, the fire prevention design and construction of an enterprise for the construction project shall comply with the national technical standards for the fire prevention of engineering construction, and the enterprise shall apply for fire prevention acceptance to the housing and urban-rural development authority. Without fire prevention acceptance or failing to pass the fire prevention acceptance, the construction project shall not put it into use. Any other construction project which fails to pass the random inspection in accordance with the law shall be suspended for operation.

According to Article 13 of the Fire Prevention Law of the PRC (《中華人民共和國消防法》), “upon the completion of the construction projects that are required by the housing and urban-rural development authority under the State Council to apply for fire prevention acceptance, the construction entity shall apply for fire prevention acceptance. For other construction projects other than those provided for in the preceding paragraph, the construction entity shall complete the filing procedures with the housing and urban-rural development authority after passing the completion acceptance, and the housing and urban-rural development authority shall conduct a random inspection thereof. Construction projects that shall be subject to fire prevention acceptance according to law shall not be put into use without fire prevention acceptance or failing to pass the fire prevention acceptance. Any other construction project which fails to pass the random inspection in accordance with the law shall be suspended for operation.”

According to Article 58 of the Fire Prevention Law of the PRC, for any of the following acts, the housing and urban-rural development authority and the fire rescue agency may, according to their respective functions and powers, order to suspend construction, use or production and operation, and impose a fine of ranging from RMB30,000 to RMB300,000: (i) the construction projects which are required by law to be subject to the fire prevention design review are constructed without being reviewed according to the law or failing to pass the review; (ii) the construction projects which are required by law to be subject to the fire prevention acceptance are put into use without fire prevention acceptance or failing to pass the fire prevention acceptance; (iii) other construction projects stipulated in Article 13 of this Law which fail to pass the random inspection in accordance with the law do not cease to be used; and (iv) public gathering places are illegally put into use or operated without being permitted by the fire rescue agency, or the use of the venue and the operation situation is not consistent with the contents of the commitment. Upon verification, it is found that the use of the venue and the operation situation is not consistent with the contents of the commitment, may be ordered to make corrections within a specified time limit, and the late rectification or failing to meet the requirements after rectification may result in the revocation of the corresponding permit in accordance with the law. Where a construction entity fails to complete the filing procedures with the housing and urban-rural development authority after passing the completion acceptance in accordance with the provisions of this Law, the housing and urban-rural development authority shall order it to make corrections and impose a fine of not more than RMB5,000.

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Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects

According to Article 2 of the Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects promulgated on 1 April 2020 and amended on 21 August 2023 (《建設工程消防設計審查驗收管理暫行規定》), “this Regulation applies to the fire prevention design review and fire prevention acceptance of special construction projects, as well as fire prevention filing (hereinafter referred to as the “filing”) and random inspection of other construction projects. The special construction projects referred to in this Regulation mean the construction projects listed in Article 14 of this Regulation. The other construction projects referred to in this Regulation mean construction projects other than special construction projects which are required to have fire prevention design in accordance with the national technical standards for the fire prevention of engineering construction.”

According to Article 14 of the Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), “a construction project that falls under one of the following circumstances is a special construction project: (i) sports venues, halls, public exhibition halls and display halls in the museums with a total gross floor area of more than 20,000 square meters; (ii) civil airport terminal, passenger terminal waiting room and waiting lounge of the passenger ferry terminal with a total gross floor area of more than 15,000 square meters; (iii) hotels, restaurants, shopping malls and markets with a total gross floor area of more than 10,000 square meters; (iv) theaters, reading rooms in public libraries, commercial indoor gyms and recreation centers, outpatient buildings in hospitals, and teaching buildings, libraries and canteens in universities, production and processing workshops in labor-intensive enterprises, temples and churches with a total gross floor area of more than 2,500 square meters; (v) nurseries, children’s rooms in kindergartens, children’s playing halls and other children’s indoor playgrounds, ward buildings of nursing homes, welfare homes, hospitals and sanatoriums, as well as teaching buildings, libraries and canteens in primary and secondary schools, collective dormitories of schools and collective dormitories of labor-intensive enterprises with a total gross floor area of more than 1,000 square meters; (vi) dance halls, video halls, screening halls, karaoke halls, nightclubs, entertainment halls, saunas, internet cafes, bars, as well as restaurants, teahouses and cafes with entertainment functions with a total gross floor area of more than 500 square meters; (vii) Class I high-rise residential buildings as stipulated by the national technical standards for the fire prevention of engineering construction; (viii) urban rail transportation projects, tunneling projects, large-scale power generation projects, and substation and distribution projects; (ix) factories, warehouses, specialized stations and wharves used for the production, storage, loading and unloading of flammable and explosive dangerous goods, and filling stations, supply stations and pressure regulating stations for flammable and explosive gases and liquids; (x) office buildings of state authorities, electricity regulating buildings, telecommunication buildings, postal buildings, disaster prevention command and regulating buildings, broadcasting and television buildings, and archives buildings; (xi) construction projects that fall under the circumstances listed in (i) to (vi) of this Article; and (xii) public buildings other than those listed in (x) and (xi) of this Article, the monolithic construction of which has a gross floor area of more than 40,000 square meters or a height of more than 50 meters.”

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According to Article 27 of the Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), “a fire prevention acceptance system shall be applied to special construction projects. After passing the completion acceptance, the construction entity of the special construction projects shall apply for the fire prevention acceptance with examination and acceptance of fire control design authority. Without fire prevention acceptance or failing to pass the fire prevention acceptance, the construction project shall not put into use.”

According to Article 34, Article 36 and Article 38 of the Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), “a record-filing and random inspection system shall be applied to other construction projects and conduct classification management. Any other construction project which fails to pass the random inspection in accordance with the law shall be suspended for operation.” “The construction entity of other construction projects shall complete the filing procedures with examination and acceptance of fire control design authority within five business days after passing the completion acceptance.” “The examination and acceptance of fire control design authority shall conduct a random inspection on other construction projects that complete the filing procedures, and strengthen random inspections on main projects.”

According to the above laws and regulations, the differences between fire safety acceptance and fire safety acceptance filing are as follows:

- (1) They are applicable to different types of construction projects. Fire safety acceptance is applicable to special construction projects and fire safety acceptance filing is applicable to other construction projects;
- (2) The degree of supervision is different. The fire safety acceptance shall be carried out by the housing and urban-rural development authority with a fire safety acceptance opinion being issued by such authority, which is of a higher degree of supervision; the fire safety acceptance filing shall be reported by the construction entity to the housing and urban-rural development authority for the record, and the housing and urban-rural development authority shall conduct a random inspection on other construction projects, which is of a lower degree of supervision.

Where any entity violates the Fire Prevention Law of the PRC, the housing and urban-rural development authority and the fire rescue agency may, according to their respective functions and powers, order to make corrections, suspend construction, use or production and operation, and impose a fine. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

LAWS AND REGULATIONS RELATING TO TENDERING AND BIDDING

The Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法》) promulgated on 30 August 1999 and amended on 27 December 2017, and the Regulation on the Implementation of the Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法實施條例》) promulgated by the

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State Council on 20 December 2011, amended on 1 March 2017 and 19 March 2018 and last amended on 2 March 2019, mainly require: (1) Tendering within the territory of the PRC include public tendering and invitational tendering. A tenderer who adopts the public tendering method shall issue a tendering announcement, and a tenderer who adopts the invitational tendering method shall issue invitations for submission of bids to three or more specified legal persons or other specified organisations capable of undertaking the project subject to the tender and having a good reputation and creditworthiness; (2) The tenderer shall not restrict or reject any potential bidder on the unreasonable grounds, or discriminate against any potential bidder. The tendering documents shall not require or indicate any specific supplier or include any other contents that tend to favour or reject potential bidders; (3) The bidder shall prepare its bidding documents according to the requirements of tendering documents, and shall not collude with other bidders or the tenderer, exclude the fair competition of other bidders, as well as cause any harm to national interests, social public interests or the legitimate rights and interests of others; (4) The successful bidder shall perform its obligations under the contract and complete the awarded project, and the bidder shall not transfer the awarded project to others, or split the awarded project to transfer it to others. The successful bidder may, according to the contract or with the consent of the tenderer, subcontract part of the non-subject and non-critical work of the awarded project to others for completion. The person accepting the subcontracts shall meet the relevant qualifications and shall not subcontract it again to other persons. The successful bidder shall be responsible for the subcontracts, and the subcontractor shall bear joint and several liability for the subcontracts.

Any violation of the Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法》) may invalidate the awarded project of the successful bidder, and the competent authority has the right to impose administrative penalties such as ordering corrections within a time limit, fines, and confiscation of illegal gains. A serious violation may lead to the cancellation of the bidding qualifications for participating in projects that must be tendered according to the law within one to two years and make a public announcement, until the revocation of the business licence by the industrial and commercial administration authority. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law. If such acts cause any losses to others, it shall also be liable for compensation in accordance with the law.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

Product Quality Law of the PRC

Pursuant to the provisions of the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated on 22 February 1993 and amended on 8 July 2000, 27 August 2009 and 29 December 2018 respectively, all producers and sellers who engage in production and sales activities in the PRC shall establish and improve the internal product quality management system, and strictly implement position-based quality regulations, quality responsibilities and corresponding assessment measures.

Producers and sellers shall be responsible for the quality of the products they produce and sell, and abide by the following regulations: (i) the labels and information on the products or their package shall be true to the fact; (ii) not to produce products expressly phased out by the State laws or decrees;

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(iii) not to forge the place of origin or forge or falsely use the names and addresses of other producers; (iv) not to forge or falsely use product quality marks, such as authentication marks; (v) not to mix impurities or imitations into the products they produce or sell, substitute a fake product for a genuine one, or a defective product for a high-quality one; (vi) the quality of products shall be inspected and qualified, and a substandard product shall not be passed off as a qualified one; and (vii) for dangerous products that are fragile, inflammable, explosive, toxic, erosive or radioactive, and products that cannot be handled up-side-down in the process of storage or transportation or for which there are other special requirements, it must be ensured that the packaging thereof complies with the corresponding requirements. Warning signs or warning descriptions in Chinese shall be made in accordance with the relevant regulations of the State, and the precautions for storage and transportation shall be indicated.

Where any producer or seller violates the above responsibilities and obligations, and cause losses or personal or property damages to consumers, it shall be liable for compensation. The competent authority may take administrative penalties against any illegal acts, such as ordering to suspend production, confiscating illegally produced or sold products, imposing a fine, confiscating illegal gains (if any), and revoking the business licence in case of a serious violation. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Environmental Protection Law of the PRC

Pursuant to the provisions of the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) promulgated on 26 December 1989 and amended on 24 April 2014, enterprises and other producers that discharge pollutants shall take measures to prevent and control the environmental pollution and harm caused by the waste gas, waste water, waste residue, medical waste, dust, malodorous gases, radioactive substances, noise, vibrations, optical radiation, electromagnetic radiation and other substances generated during the course of production, construction or other activities. Enterprises and other producers that discharge pollutants shall pay pollution discharge fees in accordance with relevant regulations. If the environmental protection tax is levied in accordance with relevant regulations, the pollution discharge fees shall no longer be levied. Meantime, if an enterprise carries out a construction project that has an impact on the environment, the environmental impact assessment shall be conducted in accordance with the law. The construction project shall not start construction without the environmental impact assessment. Facilities for the prevention and control of pollution in a construction project shall be designed, constructed and put into operation simultaneously with the main work. Enterprises and other producers that are applicable to the administration of pollutant discharge permit can only discharge pollutants in accordance with the requirements of the pollutant discharge permit, and those that have not obtained pollutant discharge permits shall not discharge pollutants.

If an enterprise causes any damage due to environmental pollution or ecological damage, it shall bear tort liability in accordance with the relevant provisions of the Civil Code of the PRC (《中華人民共和國民法典》). For any violation of the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the environmental protection authority may seize and detain facilities and equipment

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that cause pollutant emissions, restrict production, suspend production for rectification, order to suspend construction and impose a fine, and order to suspend business or close down in case of a serious violation. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

Law of the PRC on Environmental Impact Assessment

Pursuant to the provisions of the Law of the PRC on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) promulgated on 28 October 2002 and amended on 2 July 2016 and 29 December 2018 respectively, if an enterprise carries out a construction project that has an impact on the environment within the territory of the PRC and other sea areas under its jurisdiction, the environmental impact assessment. The State implements classification management of the environmental impact assessment of construction projects according to the degree of impact of the construction projects on the environment. For those that may cause significant environmental impact, an environmental impact report shall be prepared to conduct a comprehensive evaluation on the resulting environmental impact; for those that may cause mild environmental impact, an environmental impact report form shall be prepared to conduct an analysis or special evaluation on the resulting environmental impact; and for those that may cause minimal environmental impact and no environmental impact assessment is required, an environmental impact registration form shall be completed. In particular, the construction entity shall submit the environmental impact report, environmental impact report form or environmental impact registration form for the construction project to competent ecology and environment authority with the approval authority for approval in accordance with the provisions of the State Council. The State implements a record-filing-based management on environmental impact registration form. The construction project which has not been examined by the approval authority or has not been approved after examination shall not commence construction. In the event that there are significant changes to the nature, scale, location, production process used or measures adopted in the construction project to prevent and control the pollution or ecological damage after an approval for the environmental impact assessment documents of a construction project is obtained, the construction entity shall resubmit the environmental impact assessment documents of the construction project for approval.

Where a construction entity unlawfully commences the construction of a project without submitting for approval its environmental impact report or report form in accordance with the law, or without reporting for approval or requesting the re-examination of the environmental impact report or report form in accordance with Article 24 of this Law, the competent ecology and environment authority at or above the county level shall order it to cease construction, and according to the circumstances of violation of law and damage, impose a fine of not less than 1% but not more than 5% of the total investment of the construction project on it, and order it to restore to the original state; and in accordance with the law, impose administrative sanctions against the directly responsible person in charge and other directly liable persons of the construction entity.

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Where a construction entity unlawfully commences the construction of a project without the approval for its environmental impact report or report form, or without the re-examination and approval from the original approval authority, it shall be punished and imposed sanctions in accordance with the preceding paragraph of this Law.

Where a construction entity fails to submit the environmental impact registration form of a construction project for filing registration in accordance with the law, the competent ecology and environment authority at or above the county level shall order it to file a registration form and impose a fine of not more than RMB50,000.

REGULATIONS ON THE MANAGEMENT OF POLLUTANT DISCHARGE PERMIT

Pursuant to the provisions of the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated on 24 January 2021, and the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》) promulgated on 1 April 2024, the State implements the classified pollutant discharge permit management (i.e., key management and simplified management) on pollutant discharges of enterprises based on factors such as the volume of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. Enterprises and other producers that are included in the Classification Administration List of Pollutant Discharge Permits for Fixed Pollution Sources (《固定污染源排污許可分類管理名錄》) shall apply for and obtain a pollutant discharge permit within the prescribed time limit, and shall not discharge pollutants without a pollutant discharge permit.

Meantime, the pollutant discharging entity shall also perform the following obligations: (i) carry out self-monitoring in accordance with the provisions of the pollutant discharge permit and relevant standards, and maintain original monitoring records for no less than 5 years; (ii) establish an ledger recording system for environment management, and truthfully record the operation status of key production plants and pollution prevention and control facilities, and the concentration and emission volume of pollutants in accordance with the form, content and frequency specified in the pollutant discharge permit; and (iii) submit the execution report on pollutant discharge permit to the approval authority, and truthfully report pollutant discharge behaviour, discharge concentration and discharge volume in accordance with the content, frequency and time specified in the pollutant discharge permit.

For any violation of the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) and the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》), in accordance with the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》), the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》) and other laws and regulations, the environmental protection authorities have the right to order to make corrections, restrict production, suspend production for rectification, and suspend business and close down, and impose a fine. If a violation of the public security provisions is constituted, it shall be punished for public security violation in accordance with the law. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

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Regulations on the Administration of Construction Project Environmental Protection

Pursuant to the provisions of the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) promulgated on 29 November 1998 and amended on 16 July 2017, the State implements the classified management on construction projects that have an impact on the environment within the territory of the PRC and other sea areas under its jurisdiction. The construction entity shall, based on the extent of environment impact of construction projects, perform its obligations to prepare an environmental impact report or an environmental impact report form, or complete the environmental impact registration form. If there are any significant changes to the environmental impact report or the environmental impact report form after approval, the construction entity shall resubmit it for approval. The supporting environmental protection facilities for a construction project must be designed, constructed and put into operation simultaneously with the major construction works of the construction project. Upon the completion of the project, the construction entity shall conduct an acceptance of supporting environmental protection facilities which can only be put into production or use after passing the acceptance.

For any violation of the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》), the environmental protection authority where the project is located has the right to order corrections within a time limit and impose a fine, and order the suspension of production or use or closure in case of any major environmental pollution or ecological damage.

LAWS AND REGULATIONS RELATING TO FIXED ASSET INVESTMENT PROJECTS AND PROJECT CONSTRUCTION

Filing Registration for Enterprise Investment Projects

Pursuant to the provisions of the Regulation on the Administration of the Confirmation and Recordation of Enterprise Investment Projects (《企業投資項目核准和備案管理條例》) promulgated on 30 November 2016, the State government implements a pre-approval management on fixed asset investment projects that are invested and constructed by enterprises in the PRC and that have national security concern or relate to major productivity distribution, strategic resource development and major public interests. The specific project scope, the approval authority and the approval power shall be implemented in accordance with the catalogue of investment projects approved by the government, and other projects are subject to the filing registration.

For projects that are subject to the filing registration, the enterprise shall, before starting construction, inform the filing authority of the following information through the online platform: (i) basic information of the enterprise; (ii) project name, and the location, scale and content of construction; (iii) total investment amount of the project; and (iv) a statement indicating that the project complies with industrial policies. If there are any significant changes to the registered project information, the enterprise shall promptly notify the filing authority.

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For projects that are subject to the filing registration, if the enterprise fails to notify the filing authority of the project information or the changes in the information of the registered project in accordance with the Regulation on the Administration of the Confirmation and Recordation of Enterprise Investment Projects (《企業投資項目核准和備案管理條例》), the filing authority may order it to make corrections within a time limit, and impose a fine for failure to make corrections within the specified time limit.

Construction Planning

Pursuant to the provisions of the Measures for the Administration of the Planning for the Assignment and Transfer of the Right to the Use of the State-owned Land in the Urban Areas (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated on 4 December 1992 and amended on 26 January 2011, an enterprise that has obtained the land transfer contract shall apply for a construction land planning permit from the relevant planning administrative department, and can only apply for the land use right certificate after obtaining the construction land planning permit.

Pursuant to the provisions of the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) promulgated on 28 October 2007 and amended on 24 April 2015 and 23 April 2019 respectively, any construction entity or individual who intends to construct any structure, building, road, pipeline or other engineering construction shall apply for the construction project planning permit with the urban and rural planning authority of the people's government of a city or a county or with the people's government of a town determined by the people's government of the province, autonomous region, or municipality directly under the Central Government.

Land Transfer

Pursuant to the provisions of the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated on 25 June 1986, amended on 29 December 1988 and 29 August 1998 and revised on 28 August 2004 and 26 August 2019, and the Interim Regulations of the PRC Concerning the Assignment and Transfer of the Right to the Use of the State-owned Land in the Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) promulgated on 19 May 1990 and amended on 29 November 2020, the State implements a system for the assignment and transfer of the right to the use of the state-owned land. Under this system, the land user shall enter into a transfer contract with the city-level or county-level land administration department. The land user shall pay the land price as stipulated in the transfer contract, register it with the land administration department, and apply for a land use right certificate which is the proof of obtaining the use rights of state-owned land.

Construction Permit

Pursuant to the provisions of the Construction Law of the PRC (《中華人民共和國建築法》) promulgated on 1 November 1997, revised on 22 April 2011 and amended on 23 April 2019, and the Measures for the Administration of Construction Permits for Construction Projects (《建築工程施工許

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可管理辦法》) promulgated on 25 June 2014, revised on 28 September 2018 and amended on 30 March 2021, the construction entity shall apply for a construction permit after obtaining the construction project planning permit, and then start construction.

LAWS AND REGULATIONS RELATING TO OVERSEAS INVESTMENT BY DOMESTIC ENTERPRISES

Regulations of the Development and Reform Commission on Overseas Investment by Domestic Enterprises

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated on 26 December 2017, the State implements classified management of the approval and filing registration system for investment projects (including those in the Hong Kong Special Administrative Region, the Macao Special Administrative Region, and the Taiwan region) by a domestic enterprise (“Investment Entity”) directly or by way of obtaining overseas ownership, control, operation and management rights, and other related rights and interests by means of investing in assets, interests providing financing or guarantees by the controlled overseas enterprise. The aforementioned approval procedure shall apply to any sensitive projects carried out by Investment Entity directly or through its controlled overseas enterprises, and the approval authority is the National Development and Reform Commission. The scope of filing registration management is non-sensitive projects directly carried out by Investment Entity, that is, non-sensitive projects involving Investment Entity directly investing in assets, interests or providing financing and guarantees. Among them, if the Investment Entity is a centrally managed enterprise (including centrally managed financial enterprise, the State Council and enterprise directly managed by institutions in the State Council) or the Investment Entity is a local enterprise but the investment amount out of the PRC reaches US\$300 million or more, the filing authority will be the National Development and Reform Commission, and if the investor is a local enterprise and the investment amount out of the PRC is below US\$300 million, the filing authority will be the development and reform department of the provincial government governing the locality where the Investment Entity is registered.

For projects that fall within the scope of management of approval and filing, the Investment Entity shall obtain the project approval document or filing notice before investing the assets and interests (except the early stage expenses of the project for approval and filing) or providing financing or guarantees for the project itself or by the overseas enterprises under its control. If the Investment Entity fails to obtain the effective approval document or filing notice, the foreign exchange administration, customs and other relevant departments shall not handle the relevant formalities according to the law, and the financial enterprise shall not handle the relevant fund settlement and financing business according to the law.

The investment entity shall submit a project completion report form through the online system within 20 working days from the date of completion of the construction project, the investment subject equity or assets, and the Chinese party’s investment expenditure.

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In case an investment entity violates the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), the approving and filing authorities shall have the right to adopt measures such as refusing approval or filing the project, revoking the approval document or notification of filing, ordering the investment entity to suspend or stop the implementation of the project, adopting remedial measures, making corrections within a time limit, and giving warnings to the investment entity and the principal person in charge of the project, etc. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

Regulations of the Commerce Department on Overseas Investment by Domestic Enterprises

Pursuant to the provisions of the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated on 6 September 2014, if an enterprise legally established within the territory of the PRC owns a non-financial enterprise abroad or obtains the ownership, control, operation and management rights and other rights and interests of an existing non-financial enterprise through new establishment, M&A or other means, the MOFCOM and the provincial competent departments of commerce shall be responsible for the approval and filing registration, depending on different circumstances of overseas investment by the enterprise. In particular, if an overseas investment involves countries that have not established diplomatic relations with the PRC, countries subject to United Nations sanctions, industries involving the export of products and technologies restricted by the PRC, or industries that may affect the interests of more than one country (region), the overseas investment shall be subject to administration by approval. Overseas investment by the enterprise that falls under any other circumstances shall be subject to administration by filing registration.

For an overseas investment subject to approval, the enterprise shall apply to the competent commerce department which shall seek for the opinions of the embassy (consulate) (economic and commercial office) of the PRC in foreign countries. If the overseas investment is approved, the Ministry of Commerce shall issue a written approval decision and the Enterprise Overseas Investment Certificate, and the enterprise shall require the Chinese person in charge of its invested overseas enterprise to promptly register with the embassy (consulate) (economic and commercial office) of the PRC in foreign countries in person or by way of letter, fax or email.

For an overseas investment subject to filing registration, the enterprise shall complete the Overseas Investment Registration Form, submit it to the competent commerce authority together with a copy of its business licence, and obtain the Enterprise Overseas Investment Certificate from the competent commerce authority.

For any violation of the Measures for the Administration of Overseas Investment (《境外投資管理辦法》), the competent commerce authority has the right to revoke the overseas investment registration of the enterprise, give a warning, and issue a penalty decision in accordance with the law, and the enterprise shall not apply for the approval again within one or three years and is not applicable to the incentives or supporting measures under relevant national policies within three years. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

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LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Laws and Regulations Relating to Patent

Pursuant to the provisions of the Patent Law of the PRC (《中華人民共和國專利法》) promulgated on 12 March 1984 and amended on 4 September 1992, 25 August 2000, 27 December 2008 and 17 October 2020 respectively, and the Detailed Rules for the Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated on 15 June 2001 and amended on 28 December 2002, 9 January 2010 and 11 December 2023 respectively, the State provides legal protection for invention patent, utility model patent and design patent. The protection period is 20 years for an invention patent, 10 years for a utility model patent and 15 years for a design patent, commencing from their respective application dates. Unless otherwise provided by the Patent Law, upon the grant of invention patent and utility model patent rights, no entity or individual may utilise such patent without the authorisation of the patent holder, i.e. not to manufacture, use, offer to sell, sell or import its patented products for the production and business purpose, or not to utilise its patented method or use, offer to sell, sell or import products directly obtained based on the patented method. Upon the grant of design patent right, no entity or individual may utilise such patent without the authorisation of the patent holder, i.e. not to manufacture, offer to sell, sell or import its design patented products for the production and business purpose. Once a patent is determined to be infringed, the infringer shall, in accordance with the laws and regulations, cease the infringement, eliminate the impact, and pay damages, etc.

Laws and Regulations Relating to Trademark

Pursuant to the provisions of the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated on 23 August 1982, revised on 22 February 1993, 27 October 2001 and 30 August 2013 and amended on 23 April 2019, and the Regulation on the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated on 3 August 2002 and amended on 29 April 2014, the exclusive right of a registered trademark shall be limited to the trademark that are approved for registration, and only applies to the goods that are approved to use such trademark. The term of a registered trademark shall be ten years from the day the registration is approved. When it is necessary to continue using the registered trademark upon its expiration, the owner of such registered trademark shall go through the formalities for extending its term within 12 months before the expiration.

Without the authorisation of the owner of the registered trademark, using a trademark that is similar to a registered trademark on the same goods or that is identical with or similar to a registered trademark on the similar goods, constitutes an infringement of the exclusive right of a registered trademark. The infringer shall, in accordance with the laws and regulations, cease the infringement, eliminate the impact, and pay damages, etc.

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Laws and Regulations Relating to Copyright

Pursuant to the provisions of the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated on 7 September 1990 and amended on 27 October 2001, 26 February 2010 and 11 November 2020, and the Regulation on the Implementation of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated on 2 August 2002 and amended on 8 January 2011 and 30 January 2013 respectively, copyrights include personal rights such as the right of publication and that of authorship as well as property rights such as the right of reproduction and that of distribution. Works protected by the Copyright Law include: written works; oral works; musical, dramatic, quyi, choreographic and acrobatic art works; works of fine art and architecture; photographic works; film works and works created by methods similar to filmmaking; drawings of engineering designs and product designs, maps, sketches and other graphic works as well as 3D model works; computer software, etc. Unless otherwise provided in the Copyright Law of the PRC (《中華人民共和國著作權法》), reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, eliminate impact, and offer an apology, pay damages and other liabilities.

Pursuant to the provisions of the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated on 20 February 2002, and the Regulation on Computers Software Protection (《計算機軟件保護條例》) (the “**Regulations**”) promulgated on 20 December 2001, and amended on 8 January 2011 and 30 January 2013, computer programmes and related documents that are independently developed by developers and have been fixed on certain tangible objects, whether published or not, shall be entitled to the copyright in accordance with the Regulations. The software copyright holder may register with the software registration authority designated by the copyright administrative department of the State Council. The software copyright commences from the date of the completion of software development. The protection period for the software copyright of a natural person is the lifetime of such natural person and until fifty years after his death, ending on 31 December of the fiftieth year after his death. The protection period for the software copyright of a legal person or other organisation is fifty years, ending on 31 December of the fiftieth year after the initial publication of the software. However, if the software has not been published within fifty years from the date of the completion of development, it will no longer be protected.

Laws and Regulations Relating to Domain Names

Pursuant to the provisions of the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated on 24 August 2017, “domain name” shall refer to the character mark of hierarchical structure, which identifies and locates a computer on the internet and corresponds to the Internet protocol (IP) address of that computer. The Ministry of Industry and Information Technology is responsible for supervising and managing domain name services nationwide, and each provincial communications administration bureau is responsible for supervising and managing domain name services within its own administrative region. The principle of “first come, first serve” shall be followed for the domain name registration service. The applicant for domain name registration is

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required to provide true, accurate and complete identity information of the domain name holder to the domain name registration service agency. After completing the domain name registration, the applicant becomes the holder of such domain name.

Where any organisation or individual includes any illegal content in the registration or use of domain names in violation of the provisions of the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), and constitutes a crime, it shall be investigated for criminal liabilities in accordance with the law. If not constituting a crime, it shall be punished by relevant agency in accordance with the law.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

Pursuant to the provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) promulgated on 16 March 2007 and amended on 24 February 2017 and 29 December 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) promulgated on 6 December 2007 and amended on 23 April 2019, an enterprise that is established within China, or which is established under the law of a foreign country (region) but whose actual office of management is within China (“Resident Enterprise”), shall pay corporate income tax at the rate of 25% for their income from inside and outside China. Qualified small low-profit enterprises are given the reduced enterprise income tax rate of 20%, and high and new technology enterprises supported by the State are given the reduced enterprise income tax rate of 15%.

The taxable income refers to the balance of the total income of an enterprise in each tax year after deducting non-taxable income, tax-free income, deductibles and losses allowed to be made up from previous years. The tax payable refers to the balance of the taxable income of an enterprise multiplied by the applicable tax rate and deducting tax reductions and credits under the preferential tax provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》).

Value Added Tax

Pursuant to the provisions of the Interim Regulation of the PRC on Value Added Tax (《中華人民共和國增值稅暫行條例》) promulgated on 13 December 1993 and amended on 10 November 2008, 6 February 2016 and 19 November 2017 respectively, and the Detailed Rules for the Implementation of the Interim Regulation of the PRC on Value Added Tax (《中華人民共和國增值稅暫行條例實施細則》) promulgated on 25 December 1993 and amended on 15 December 2008 and 28 October 2011 respectively, all enterprises and individuals that sell goods, or engage in processing, repairs and replacement services, sales services, intangible properties, real estate and import of goods within the territory of the PRC are subject to value-added tax. Except for special circumstances, the payable tax amount shall be calculated by deducting the current input tax from the current output tax. If the current output tax is less than the current input tax and is insufficient for deduction, the deficiency may be

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carried forward to the next period for further deduction. Where a taxpayer engages in several business activities applicable to different tax rates, the sales income from each business activity shall be separately calculated at each applicable tax rate. If not calculated separately, the highest tax rate shall apply.

Pursuant to the provisions of the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財務部、國家稅務總局關於調整增值稅稅率的通知》) promulgated on 4 April 2018, the original VAT tax rates of 17% and 11% applicable to the taxpayers who engage in VAT taxable sales activities or imported goods and the provision of labour services and tangible movable property lease services are adjusted to 16% and 10%, respectively. Pursuant to the provisions of the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on 20 March 2019, the original VAT tax rate of 16% applicable to the general VAT taxpayers who engage in VAT taxable sales activities or imported goods is adjusted to 13%, and the original VAT tax rate of 10% applicable to such taxpayers is adjusted to 9%.

Urban Maintenance and Construction Tax

According to the Tax Law on Urban Maintenance and Construction of the PRC (《中華人民共和國城市維護建設稅法》) promulgated on 11 August 2020, all enterprises and individuals that pay VAT and consumption tax within the territory of the PRC shall pay the urban maintenance and construction tax on the basis of VAT (net of the amount of VAT refunded by the end-of-period tax credit rebate) and consumption tax actually paid by them in accordance with the law.

Taxpayers determine the tax rate for urban maintenance and construction tax based on the taxpayer's place of residence or other locations related to the taxpayer's production and business activities (hereinafter referred to as the location), i.e. if the taxpayer's location is in an urban area, the tax rate will be 7%; if the taxpayer's location is in a county or town, the rate will be 5%; and if the taxpayer's location is outside of the city, county or town, the tax rate will be 1%.

The amount of tax payable for urban maintenance and construction tax is calculated by multiplying the tax basis by the applicable tax rate, and the time of occurrence of the tax obligation is the same as that of the VAT and consumption tax, which are payable at the same time as VAT and consumption tax, respectively.

Taxpayers who violate the provisions of the Tax Law on Urban Maintenance and Construction of the PRC (《中華人民共和國城市維護建設稅法》) shall be investigated for legal responsibility in accordance with the Law of the PRC on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》) and relevant laws and regulations.

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Education Surcharge

Pursuant to the provisions of the Interim Provisions on the Collection of Education Surcharges (《徵收教育費附加的暫行規定》) promulgated on 28 April 1986, amended on 7 June 1990, 20 August 2005 and 8 January 2011, all entities and individuals paying consumption tax, value-added tax and business tax shall pay an education surcharge, except for entities paying additional charges for rural education under the Notice of the State Council on Raising Funds for Running Schools in Rural Areas (《國務院關於籌措農村學校辦學經費的通知》). The education surcharge, which is based on the actual amount of value-added tax, business tax and consumption tax paid by each entity or individual, is 3% and is payable at the same time as the value-added tax, business tax and consumption tax, respectively. The collection and management of education surcharge shall be handled in accordance with the relevant provisions of consumption tax, value-added tax and business tax.

LAWS AND REGULATIONS RELATING TO EMPLOYMENT AND LABOUR SECURITY

Labour Contract

Pursuant to the provisions of the Labour Law of the PRC (《中華人民共和國勞動法》) promulgated on 5 July 1994 and amended on 27 August 2009 and 29 December 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated on 29 June 2007 and amended on 28 December 2012, and the Regulation on the Implementation of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated on 18 September 2008, an employee shall have equal right to employment and choice of occupation, the right to remuneration for labour, to rest and vacations, to protection of occupational safety and health, to training in vocational skills, to social insurance and welfare, to submission of labour disputes for settlement and other rights relating to labour stipulated by law. The employer shall establish and improve rules and regulations in accordance with the law so as to ensure that employees enjoy the right to work and fulfil labour obligations.

A labour contract is an agreement between the employee and the employer and shall be concluded in written form. The terms of a labour contract shall include the basic data of the employer and the employee (including the name, address and legal representative or principal person in charge, and the name, address and resident identification card number or other valid identity document number), the term of the labour contract, work content, work location, working hours, rest and vacations, remuneration, social insurance, labour protection, working conditions, occupational hazard protection, and other matters that shall be included in the labour contract as stipulated by law. An employer is obliged to ensure that the wages paid to its employees shall not be lower than the local standards of minimum wages, to establish and maintain the system of occupational safety and health, strictly abide by the rules and standards of the State with regard to occupational safety and health, carry out education among employees in occupational safety and health, prevent accidents in the process of work, and minimise occupational hazards.

Employees shall have the right to participate in and organise trade unions, which shall represent and safeguard the legitimate rights and interests of employees. Where an employer terminates its labour contract and the trade union considers it inappropriate, the trade union shall have the right to put

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forward its opinions. In addition, if the employer violated the law, rules or regulations or labour contracts, the trade union shall have the right to request that the matter be handled anew. Where the employee applies for arbitration or institutes a lawsuit, the trade union shall render him support and assistance in accordance with the law.

Where the employer fails to comply with the above laws and regulations, the administrative department of labour shall give it a warning, order it to make corrections, impose a fine thereon, order it to suspend operations for rectification, or take other measures. Where any harms have been caused to employees, the employer shall be liable for compensation. Where relevant illegal acts constitute a crime, they shall be investigated for criminal liabilities.

Social Insurance

Pursuant to the provisions of the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated on 28 October 2010 and amended on 29 December 2018, the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費征繳暫行條例》) promulgated on 22 January 1999 and amended on 24 March 2019, the Decision of the State Council on Establishing a Unified Basic Pension Insurance System for Enterprise Employees (《國務院關於建立統一的企業職工基本養老保險制度的決定》) promulgated on 16 July 1997, the Decision of the State Council on Establishing the Urban Employees' Basic Medical Insurance System (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on 14 December 1998, the Regulation on Work-Related Injury Insurance (《工傷保險條例》) promulgated on 27 April 2003 and amended on 20 December 2010, the Regulations on Unemployment Insurance (《失業保險條例》) promulgated on 22 January 1999, and the Trial Measures for the Childbirth Insurance for Enterprise Employees (《企業職工生育保險試行辦法》) promulgated on 14 December 1994, the employer shall register with the local social insurance agency within thirty days after its establishment, and register the employee with the local social insurance agency within thirty days after the establishment of labour relationship. The employer is required to pay social insurance premiums for employees in full and on time, including basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance and maternity insurance.

Where the employer fails to register for the social insurance, the social insurance administrative department shall order it to make corrections within a time limit, and impose a fine on the employer for failure to make corrections within the specified time limit. Where the employer fails to pay social insurance premiums in full and on time, the social insurance premium collection agency has the right to order it to pay or made up within a time limit, and charge late payment fees on a daily basis from the date of the default of payment. The relevant administrative department may impose a fine for failure to make payment within the specified time limit.

Housing Fund

Pursuant to the provisions of the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) promulgated on 3 April 1999 and amended on 24 March 2002 and 24 March 2019, the employer shall, within thirty days after its establishment, register for the housing provident fund

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deposits with the housing provident fund management centre, and handle the formalities for opening housing provident fund accounts for its employees at an entrusted bank. The housing provident fund for urban employees shall not be less than 5% of the employee’s average monthly salary in the previous year.

Where the employer fails to register the deposits of the housing provident fund or fails to complete the formalities for opening housing provident fund accounts, the housing provident fund management centre has the right to order it to complete within a time limit, and impose a fine for failure to register within the specified time limit. If the employer fails to pay or underpays the housing provident fund after the due date, the housing provident fund management centre may order it to make payment within the time limit, and apply to the people’s court for compulsory enforcement for failure to make payment within the specified time limit.

Prevention and Control of Occupational Diseases

Pursuant to the provisions of the Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) promulgated on 27 October 2001 and amended on 31 December 2011, 2 July 2016, 4 November 2017 and 29 December 2018 respectively, the employer shall provide environments and conditions that meet the occupational health standards and health requirements of the State, take measures to ensure occupational health protection for the workers, establish and improve the responsibility system for the prevention and control of occupational diseases, reinforce the management of occupational disease prevention and control, enhance the level of occupational disease prevention and control, and assume responsibility for harms caused by occupational diseases.

Where an employer’s workplace has any occupational disease hazard factors as listed in the catalogue of occupational diseases, the employer shall declare the hazardous items to the local health administrative department and accept supervision. Where a new construction, an expansion, or a reconstruction project or a technical transformation or technology introduction project may cause any occupational hazards, the construction entity of such project shall conduct the pre-assessment of occupational hazards at the feasibility study stage. The construction entity shall include the expenses necessary for the protective facilities against occupational diseases of a construction project into the project budget of the construction project, and shall synchronise the design, construction, use for production and other operations of such facilities with the main body of the project. The construction entity shall evaluate the control effect of occupational hazards before the completion acceptance of the construction project. For occupational disease protection facilities in construction projects other than those for radioactive occupational disease hazards in medical institutions, the construction entity shall organise the acceptance according to law, and only after passing the acceptance can the project be put into production and operation.

Where an employer or construction entity violates the provisions of the Law of the PRC on the Prevention and Control of Occupational Diseases, the health administrative department may give a warning, order to make rectification within a time limit, impose a fine, or order to discontinue the operation that produces occupational disease hazards, or may request the related people’s government,

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within the limits of its powers specified by the State Council, to order to discontinue construction or close down or take other measures. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

LAWS AND REGULATIONS RELATING TO OVERSEAS ISSUANCE AND LISTING OF DOMESTIC ENTERPRISE

Pursuant to the provisions of the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) and its supporting guidelines promulgated on 17 February 2023 and taking effect on 31 March 2023 (the “**New Regulations**”), an enterprise within the PRC that directly or indirectly issues securities overseas or lists and deals in its securities overseas shall comply with the laws, administrative regulations and relevant national rules on foreign investment, state-owned assets management, industrial supervision, overseas investment, cyber security, and data security etc., and shall not disturb the domestic market order or do harm to national interests, social public interests, and the legitimate rights and interests of domestic investors.

A domestic enterprise that is listed overseas shall, in accordance with the laws, administrative regulations and relevant national rules including the Company Law of the PRC and the Accounting Law of the PRC, formulate the articles of association, improve the internal control system, and regulate corporate governance and financial and accounting practices. Meantime, it shall comply with the national legal system on confidentiality, take necessary measures to perform its confidentiality responsibilities, refrain from leaking state secrets and the secrets of state organs, and effectively perform its obligation to safeguard national security. If a security review is required, it shall perform relevant security review procedures in accordance with the law before submitting an issuance and listing application to the overseas securities regulatory authority or stock exchange.

A domestic enterprise that intends to be listed or is listed overseas may raise funds and pay dividends in foreign currencies or RMB. The use and investment of proceeds from overseas issuance by a domestic enterprise shall comply with the laws, administrative regulations and relevant national rules. The foreign exchange and cross-border flow of capitals relating to the overseas issuance and listing of a domestic enterprise shall comply with the national regulations on cross-border investment and financing, foreign exchange management, and cross-border RMB management.

The issuer seeking for an [REDACTED] shall, within 3 working days after submitting the issuance and listing application documents overseas, file a registration with the CSRC and submit the filing report, legal opinions and other relevant documents to provide a true, accurate and complete description of shareholders’ information. Once the filing documents are complete and in compliance with the stipulated requirements, the CSRC will, within 20 working days upon receipt of such filing documents, conclude the review procedure and publish the filing results on its website. To the extent the filing documents are incomplete or do not conform to stipulated requirements, the CSRC will, within 5 working days upon receipt of filing documents, request supplementation to the filing documents. The issuer shall provide additional documents within 30 working days. During the review of filing documents, the issuer may be exposed to certain circumstances that are prohibited from the

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overseas offering and listing, and the CSRC may seek opinions from the relevant competent authorities of the State Council. The filing documents relating to the overseas issuance and listing of a domestic enterprise shall be true, accurate and complete, and shall not contain any false records, misleading statements or material omissions. Domestic enterprises and their controlling shareholders, actual controllers, directors, supervisors and officers shall perform their obligations on information disclosure in accordance with the law, and execute their due care and diligence in good faith to ensure the filing documents are true, accurate and complete.

If a domestic enterprise fails to perform the filing procedures in violation of the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises, or if its overseas issuance and listing documents or filing documents contain any false records, misleading statements or material omissions, the CSRC may order it to make corrections, give a warning and impose a fine. The directly responsible person in charge and other directly liable persons may be given a warning and imposed a fine. In case of a serious violation, the CSRC may impose a penalty of prohibited access to the securities market. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE MANAGEMENT FOR OVERSEAS LISTING OF DOMESTIC ENTERPRISES

Pursuant to the provisions of the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54) issued on 26 December 2014, where a joint stock limited company incorporated in the PRC (“**Domestic Company**”) issues shares overseas and is publicly listed and outstanding on overseas exchanges upon the approval by the CSRC, it shall, within 15 business days after the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment, and present its certificate of overseas listing to open a “special account for overseas listing of domestic company” at a local bank to handle the exchange, remittance and transfer of funds for the business concerned. The proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document or [REDACTED] documents for corporate bond, shareholders’ circulars, resolutions of the board of directors or shareholders’ meetings and other publicly disclosed documents.

Meantime, where a domestic shareholder of a domestic company intends to decrease his/her overseas listed shares according to relevant regulations upon the overseas listing of the domestic company, the domestic shareholder shall register with the SAFE branch in the place of domicile of such domestic shareholder for his/her shareholdings within 20 working days after such decrease of shares to obtain the business registration certificate; where a domestic shareholder of the domestic company intends to increase his/her overseas listed shares of the domestic company according to relevant regulations, after obtaining the approval, filing or no-objection letter from the regulatory authorities on the increase in shareholdings (except those that do not need to be provided according to regulations), the domestic shareholder shall register with the SAFE branch in the place of domicile of such domestic shareholder for his/her shareholdings within 20 working days before such increase of shares to obtain

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the business registration certificate. Domestic shareholders of overseas listed companies shall open a resident overseas securities and derivatives account (account code of which is 2403) at a domestic bank for their business of increasing or reducing their holdings of shares in overseas listed companies with its overseas shareholding registration certificate, and handle the exchange, remittance and transfer of funds for the business concerned. After a domestic shareholder registers its overseas shareholdings, if there is a major change in the circumstances (such as quantity, proportion, etc.) of the domestic company’s overseas listed shares it intends to increase or decrease, it shall promptly register the change in shareholding before going through the procedures for remittance of funds. In principle, funds obtained by domestic shareholders from reducing their holdings of shares in overseas listed companies shall be transferred back to the domestic account in a timely manner.

Laws and Regulations Relating to the H Share “Full Circulation”

Pursuant to the provisions of the New Regulations, where a domestic enterprise is seeking for the direct overseas issuance and listing, and shareholders of its domestic unlisted shares apply to convert such domestic unlisted shares into overseas listed shares for the listing and circulation on an overseas stock exchange, it shall comply with the relevant regulations of the CSRC, and entrust the domestic enterprise to apply for the filing registration with the CSRC.

Pursuant to the provisions of the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) promulgated on 14 November 2019 and amended on 10 August 2023, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of domestic unlisted shares (including unlisted domestic shares held by domestic shareholders prior to overseas listing, additional unlisted domestic shares issued after overseas listing, and unlisted shares held by foreign shareholders), for which an application will be filed for the listing and circulation on the Hong Kong Stock Exchange, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding company may be entrusted to submit the filing registration to the CSRC. In particular, an unlisted domestic joint stock company may apply for the filing registration for “full circulation” to the CSRC when applying for an [REDACTED].

Shareholders of domestic unlisted shares shall perform the share transfer registration in accordance with the relevant business rules of the China Securities Depository and Clearing Corporation Limited, perform the share registration, listing and other procedures in accordance with the relevant regulations of the Hong Kong market, and disclose information in accordance with the laws and regulations. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to the PRC. Shareholders of domestic unlisted shares may reduce or increase their holdings of our Company’s shares that are circulating on the Hong Kong Stock Exchange in accordance with the relevant business rules. The domestic enterprise that issues securities overseas shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the CSDC of the shares related to the application has been completed.

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In addition, the Shenzhen Branch of the CSDC released the Guidelines for the “Full Circulation” Program for H Shares by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股“全流通”業務指南》) on September 20, 2024, which clearly provides for business arrangements and procedures related to H-share full circulation business, cross-border transfer registration, overseas depository of shares and initial maintenance and change in maintenance of domestic holding details, corporate behavior processing, clearing and settlement, risk management and business charges.